

LOUISIANA INSURANCE
RATING COMMISSION

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OFFICE OF THE COMMISSIONER OF INSURANCE
STATE OF LOUISIANA

**LIRC DIRECTIVE
2003-02**

DATE: October 22, 2003

TO: ALL PROPERTY AND CASUALTY INSURANCE COMPANIES

**RE: CREDIT INFORMATION FOR PERSONAL INSURANCE
REPORTING REQUIREMENTS**

The purpose of this Bulletin is to set forth a directive of the Louisiana Department of Insurance (LDOI) and the Louisiana Insurance Rating Commission (LIRC). Act 1256 of the 2003 Legislative Session, enacts Louisiana Revised Statute 22:1481 - 1494 (Part XXXI - A. Use of Credit). This Act outlines the requirements for using credit information for personal insurance, by providing:

- Definitions of relative terms
- Limitations when using credit information to underwrite or rate risks
- Dispute resolution and error correction requirements
- Appeal requirements
- Required exemptions
- Consumer notification requirements
- Adverse action notification requirements
- Filing requirements for the insurance scoring model referred to as "Credit Model Report"

Personal insurance policies effective or renewed on or after May 15, 2004 must comply with the provisions set forth in Louisiana Revised Statute 22:1481 through 1494 (enacted as Act 1256).

Under the authority of Act 1256, the LDOI requires all companies using insurance-related scoring systems to underwrite and rate risks in personal insurance file the insurance scoring model with the LDOI. The Credit Model Report shall be in accordance with format prescribed herein. It may be submitted for affiliate companies, provided they use the same model and provided all affiliate companies are stated on the report's cover letter. Note that if more than one insurance-related scoring system is used by a company to underwrite or rate risks, each scoring system must be filed with the LDOI.

The Credit Model Report must include the following:

- *Scoring system identification* – State the name of the scoring system, the name of the company that created the scoring system, a software version reference, and the date when the scoring system was first used to write new business or renew business in Louisiana.
- *Overview of the scoring system* – Provide a description of the scoring system's development, and operation, list all inputs to the scoring system, state the originating source for each input, and list all outputs of the scoring system.
- *Source Code* – Provide a copy of the scoring system's source code and state the programming language used for this source code.
- *Compilation* – Explain, in detail, the process used to create the run-time scoring system from the source code.
- *Run-time version* – Provide a run-time version of the scoring system and describe the required hardware/software environment required to run the scoring system at the LDOI.
- *User's manual for the scoring system* – Provide all documentation necessary for an end-user to set-up and run the scoring system.

The report must be submitted on or before April 15, 2004. **ALL REPORTS ARE CONFIDENTIAL.** A third party may submit the report, provided the company completes and files the attached Credit Model Report Summary. The report may be submitted in a sealed envelope marked CONFIDENTIAL with the company name and identification reference attached to the Credit Model Report Summary to:

Credit Model Report Coordinator
Louisiana Department of Insurance
Office of Property and Casualty
P.O. Box 94157
Baton Rouge, LA 70804

A new report is required, within 30 days of implementation, when changes are made to the currently filed insurance scoring model.

If there are any questions regarding this bulletin, contact Malissa J. Drake at 225.342.5203 or Rich Piazza at 225.342.4690.



Paula P. Davis
Deputy Commissioner
Office of Property and Casualty

Credit Model Report Summary

Line of Business _____

Scoring System Developer _____

Scoring System Name _____

Scoring System/Software Version Identification _____

Date Scoring System First Used In Louisiana _____

Contact Person _____

Contact Person's e-mail _____

Phone Number _____

Facsimile Number _____

Companies For Which This Filing Applies _____

I certify that the submitted credit report includes the information required.

Printed name: _____

Officer's signature: _____

Officer's title _____

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